

FISCAL NOTE

Bill #: SB0478 **Title:** Restrict emergency rulemaking for implementing a budget reduction

Primary Sponsor: Gallus, S **Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

TECHNICAL NOTES:

Department of Public Health and Human Services

1. Without the ability to implement emergency rules, the Department of Public Health and Human Services may lose the flexibility to implement budget adjustments and increase the resultant impact to the people served. The department may be forced to make greater cuts in a shorter period of time following the regular rulemaking process. For example, during FY 2003, the department had to make cuts in Medicaid services. With the emergency rule making process, the department was able to reduce the budget expenditures over a six-month period rather than a three-month period.
2. By not being able to respond rapidly to changing budget and expenditure situations through the implementation of emergency rules, the department may have a greater potential to request a supplemental appropriation in order to stay within appropriations during budget shortfalls. The supplemental, when requested, may require a larger request due to the loss of available time to quickly address required emergent budget and expenditure adjustments.

Governor's Office of Budget and Program Planning (OBPP)

3. Current law, 17-7-140, MCA, requires the OBPP to reduce agency budgets when the biennial projected ending fund balance gets below 1 percent. This change in law may limit the OBPP's ability to reduce agency budgets as required by 17-7-140, MCA, and could force a special session that would have been avoided under current law.